

# **EZ BOP Loan Provides Opportunity to Small Businesses**

## **Cleveland, Ohio, EZ**

When Addie and Larry Gibson first heard about EZ Business Opportunity Program, they might have thought it sounded like a new product line for their Cleveland-based snack food distribution business. Instead, EZ BOP is a catchy name for a small business loan program that helped Gibson's Distributors purchase new computers and a new, computer-based inventory tracking system during 1999. The system has allowed Gibson's to double the number of its delivery routes from 4 to 8 and the size of its workforce from 5 to 10 employees.

EZ BOP stands for "Empowerment Zone Business Opportunity Program," and opportunity is just what the program offers small businesses through two separate loan products. The Gibsons used what is called EZ BOP II, through which they borrowed \$30,000 to purchase six computers and six printers. The microloan program, designed to help companies access working capital or to finance improvements, carries a 4-percent fixed-interest rate and a 10-year term.

Another EZ BOP loan—EZ BOP I—is available to small businesses embarking on interior, exterior, parking lot, and/or landscaping improvements. EZ BOP I recipients can borrow up to \$155,000, depending on the type of activities they pursue. The loans carry a 6-percent interest rate and a 10-year term. Upon completion of a project, the EZ provides a 40-percent rebate to the borrower.

Concerned that small businesses were not using Section 108 loans, Cleveland's EZ created EZ BOP in spring 1997 to help family businesses like Gibson's. Drawing on \$2.5 million in HUD Section 108 loans and \$2.5 million in Economic Development Initiative grants, EZ BOP has loaned more than \$1 million to 16 small businesses, says EZ Director Valarie McCall. The loan program covers 90 percent of a borrower's costs and requires the borrower to contribute 10 percent in cash. Gibson's now distributes snack foods to 300 commercial customers. In addition to selling brand-name food items, the company also distributes its own line of snack foods. McCall has great hopes that the company will continue to grow and continue to improve the economy of the entire EZ community.

"We see supporting small businesses as a way to employ neighborhood people," says McCall. "If I own a corner store and I need dedicated employees, I am going to hire the young man who lives across the street before I hire someone from the suburbs. And as my business grows, I'm going to hire even more local residents, which creates self-sufficiency in the neighborhood. We can't afford to lose these small businesses because they play a vital role in neighborhood development."

For more information contact Valarie McCall, Director, Cleveland EZ, at 216-664-3083.

# Cleveland EZ Partner Assists Fast-Growing Companies

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Three businesses in the Cleveland EZ have been named to a prestigious list of the 100 fastest growing private companies in America's inner cities. The national ranking, published in the May 1999 issue of *Inc. Magazine*, was compiled by the magazine in partnership with the nonprofit Initiative for a Competitive Inner City (ICIC) in Boston.

"Last year, the City of Cleveland had more companies on the list than any other city in the United States," says EZ Director Valarie McCall. "And, out of six companies, three were EZ companies."

All three EZ companies appeared in the upper half of the *Inc. Magazine* list. Ranking 26th on the list was Complete Personnel Management (CPM), a 9-year-old company that administers retirement plans, health insurance, employee recruitment, and workers' compensation claims for client companies. Colormatrix of Cleveland, which has manufactured liquid colorants for the plastics industry since 1978, was ranked 37th. Ullman Electric, which placed 50th, is an electrical contracting company established in 1987.

While none of the recognized companies have received business loans through the EZ, McCall says that all received technical assistance from the MidTown Cleveland Development Corporation (CDC), an EZ partner that operates in the city's MidTown neighborhood, a 55-block area just east of downtown Cleveland. The corporation receives \$70,000 each year from the EZ and employs development specialists that work with local businesses, says McCall.

MidTown Cleveland Development Corporation was established in the early 1980s by 46 corporate, small business, and institutional leaders who banded together to address problems caused by a deteriorating commercial district along Prospect Avenue.

"Prospect Avenue was plagued by blight and neglect," says McCall. "Businesses couldn't afford to pick up and move out to the suburbs, so they got together to clean up the neighborhood. Now, MidTown is the most successful and independent of the CDCs in the Empowerment Zone."

According to a 1998 report by the Brookings Institution, the corporation's revitalization efforts resulted in measurable successes between 1983 and 1997. Assessed real estate values in the neighborhood have risen 55 percent for commercial property and 47 percent for residential land, according to the report. Investment activities have resulted in the establishment of 425 new companies that employ between 2 and 100 workers. The area has retained 6,000 jobs due to expansion, substantial capital investment, and/or relocation of existing companies within MidTown. It also gained 5,500 new jobs from expansion and/or relocation.

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